

HOT ROCK LIMITED

“Driving value in clean
geothermal energy”

Investor Presentation

August 2012



ASX Code: HRL
www.hotrockltd.com

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The information in this Statement that relates to Geothermal Resources has been compiled by Peter Barnett, an employee of Hot Rock Limited. Mr Barnett has over 30 years' experience in the determination of crustal temperatures and stored heat relevant to the style of geothermal play outlined in this release. He is a member of the Geothermal Resources Council and the International Geothermal Association, a current board member of the New Zealand Geothermal Association, a past board member of the Auckland University Geothermal Institute Board of Studies and a current member of the Economics Sub Committee of the Australian Geothermal Association. Mr Barnett qualifies as a Competent Person as defined by the Australian Code of Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2010 2nd Edition). Mr Barnett consents to the public release of this report in the form and context in which it appears. Neither Mr Barnett nor Hot Rock Limited takes any responsibility for selective quotation of this Statement or if quotations are made out of context.

§ All amounts are in Australian Dollars (AUD) unless otherwise stated.



Growing substantial shareholder value

- ü **HRL is focussed on developing commercially proven volcanic base-load geothermal projects in Chile and Peru**
- ü **Backed by world's largest geothermal company, EDC in two Peruvian Joint Ventures¹**
- ü **Funded to evaluate and drill two Peru projects**
- ü **First and early mover advantage has secured multiple high quality exploration/development projects in three countries**



1. Subject to the terms of the EDC-HRL joint venture agreements

Corporate Overview as at 9 August 2012

§ ASX Code:	HRL
§ Share price:	2.2 cents
§ Shares on issue (million):	232.01 ¹
§ Unlisted options (million):	20.79
§ Market Cap:	A\$5.1m¹
§ Cash position:	A\$0.1m ¹
§	(receipt of \$US0.8M pursuant to EDC transaction due approx 30 Oct)
§	1. Prior to Rights Issue

§ Shareholders:	1,225
§ Top 20 Shareholders:	50%
§ Board & management:	16%
§	WF Asian Reconnaissance Fund 6.2%

Top 10 Shareholders

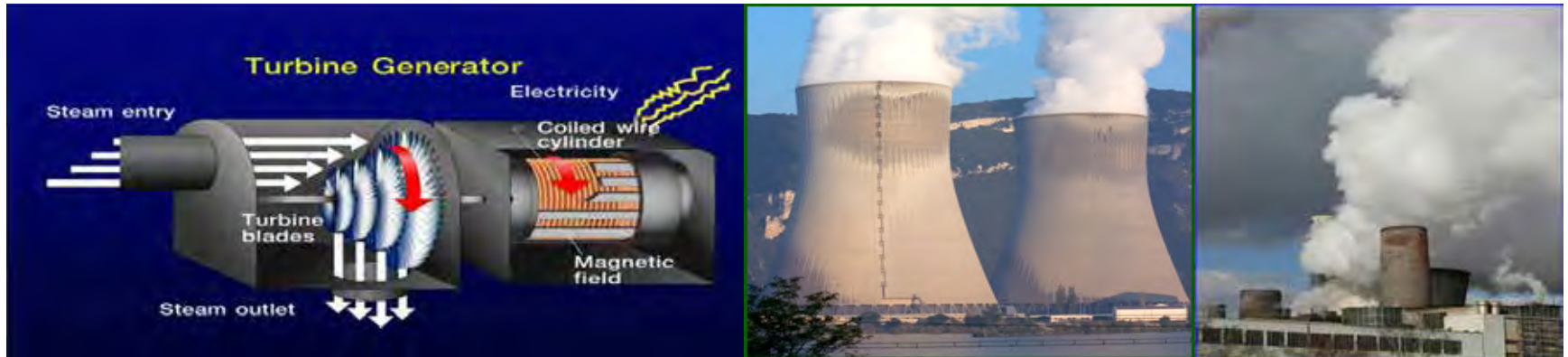
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	14,895,874	6.42%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD A/C 2	14,350,470	6.18%
3	ELLIOTT NOMINEES PL	12,100,000	5.21%
4	LORRAINE ZILLMAN	11,100,000	4.78%
5	ALBIANO HOLDINGS PL	6,447,049	2.78%
6	DR BARRY & JAYE BARKER	6,100,000	2.63%
7	JOSE LEVISTE JNR	5,000,000	2.15%
7	IAN CAMPBELL	5,000,000	2.15%
8	CITICORP NOMINEES PTY LIMITED	4,806,000	2.07%
9	PETER BARNETT	4,800,000	2.07%
10	NORM & LORRAINE ZILLMAN	4,600,000	1.98%

12 Month Share Price History



The World Needs Green Energy

- § Power generation is at the core of modern economies
- § Currently 80% of power is generated by heating water to produce steam to drive turbines and produce electricity



Main non-renewable fuel sources:

- § Coal - Dirty and rising costs, supply issues
- § Nuclear - Hazardous, unappealing post Fukushima, no waste solution
- § Gas - Security of supply, logistics, price volatility



OR now a superior clean alternative: GEOTHERMAL

Natural Source of Steam



- Safe and clean
- 24hr/7days: Base-load (unlike solar, wind or hydro)
- Zero fuel cost once fuel source is developed
- “Fuel” is on-site
- Geothermal steam passed directly into a **conventional turbine generator**



Geothermal is 100yrs old, proven technology. Important factors: Base-load, low emissions, very high plant availability

USA 1st commercial plant 1960



Philippines uses 22% geothermal power



New Zealand uses 17% geothermal



El Salvador uses 25% geothermal power



Geothermal Models- HRL focused on conventional technology

Conventional & proven - HRL

Chile & Peru

Volcanic

- Med-high temperature
- >50 years operation
- Proven technology
- 96% installed capacity

Australia

Hot Sedimentary Aquifer

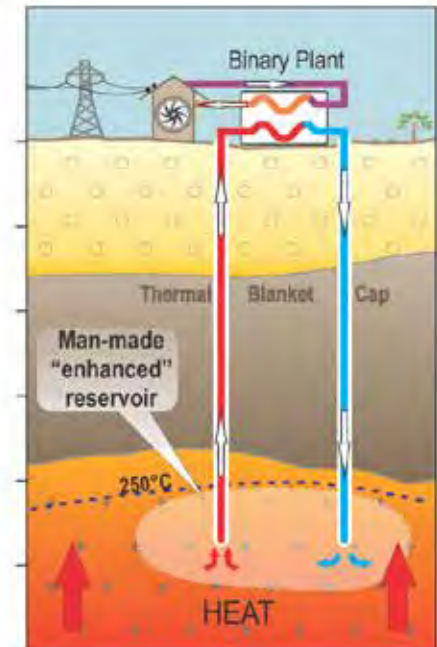
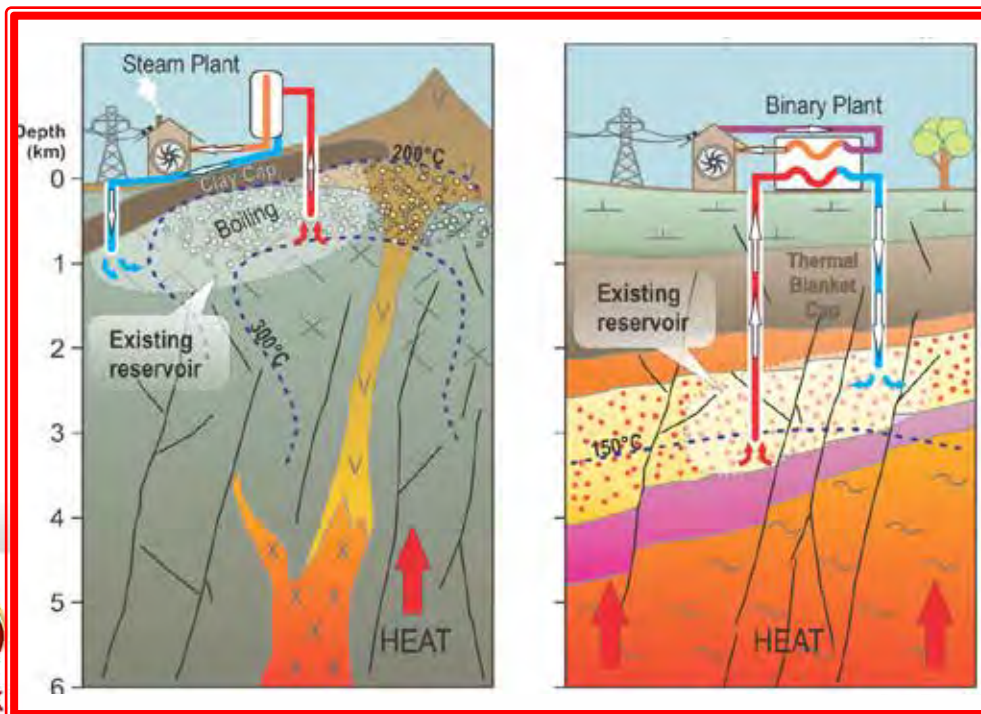
- Low-med temperature
- >25 years operation
- Proven technology
- 4% installed capacity

Unconventional



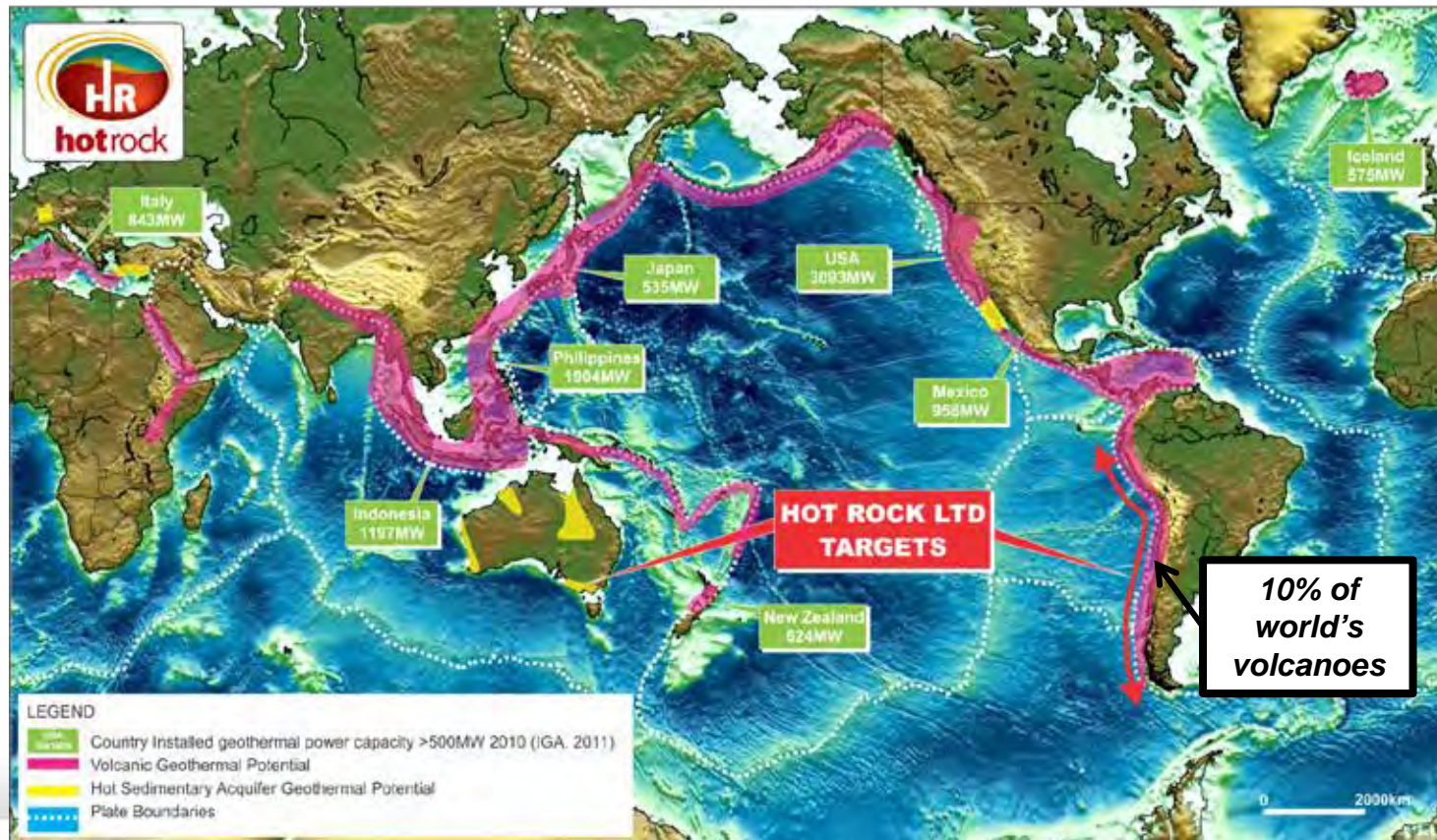
Hot Fractured Rock / EGS

- Deep
- Expensive
- No commercial operations



Geothermal Target Areas and Major Generation Nations

- § High potential in unexplored volcanic targets of the “Rim of Fire” in Chile and Peru.
- § Conventional HSA targets near markets and transmission grid in Australia.



HRL has a strong **COMMERCIAL** and technical focus

Volcanic Systems have the best potential for technical success

Other essentials for commercial success:

- ü Low sovereign risk country
- ü Growing stable economy
- ü High growth power demands
- ü Large pipeline of new mining projects
- ü Geothermal projects with access to transmission grid

Chile and Peru tick all of these boxes:

- § Democratic governments
- § Economies growing circa +5%pa
- § Power demand doubling in 6 to 10 years
- § Chile 1st and Peru 2nd largest copper producers in the world
- § Extensive transmission grids



§ **HRL has a major early mover advantage**

HRL is one of the largest holders of projects in Chile and Peru

§ **Early mover advantage** in the best emerging geothermal region in the world today

§ Classic world-class volcanic geothermal systems are present

§ HRL has secured one of the **largest combined geothermal footprint** in Chile and Peru

§ Projects close to transmission grids

§ Strong government support for renewable power



Partnered to Commercial Operations

§ **Energy Development Corporation (EDC)** to provide up to **\$100m to be spent on two of HRL's Peruvian projects**

The deal removes many hurdles faced by a small company:

§ **Funding:** EDC to secure 70% interest in JV and sole fund exploration up to \$12m per project (total \$24m) and commit a further \$38m for resource development drilling on each project on a pro rata basis (total \$76m) through to financial close (subject to the terms of the EDC-HRL JV agreements). EDC's balance sheet is a major plus when seeking development finance

§ **Development expertise:** EDC has 5 operating geothermal projects and 35 years of exploration and development experience

§ **Technical expertise:** EDC has over 2000 employees



Who is EDC?

- § EDC is the world's largest geothermal owner/operator with over 35 years exploration, development and operational experience
- § EDC market cap **A\$2.4 Billion** with **1,140 MW** of geothermal generation
- § HRL's current resource potential is **3,000 MW** with a market cap of only **\$5m**
- § The EDC JV is validation of Hot Rock's potential from the pre-eminent developer and operator of geothermal projects in the world



Geothermal - Billion dollar, long duration assets

§ Some attributes of geothermal projects:

- Renewable energy with 30 year plant life design
- Plant production measured in mega-watts per hour of electricity generated (MWh)
- Renewable electricity prices in South America ~ \$110 per MWh
- A 200MW plant could generate revenue of
 $200\text{MW} * \$110\text{MWh} * 24\text{hr} * 365\text{days} * 95\%(\text{capacity factor})$
= +\$5.5billion revenue over 30 year life.
- Minimal OPEX – 15% of revenue
- High Upfront Capex – \$3.8m to \$5m per MW installed capacity
- EDC balance sheet will assist financing projects

Next Steps

- § Secure more joint ventures
- § Evaluating geothermal resources
- § Drilling for temperature & flow rates
- § Partner EDC wants rapid developments
- § Initial plant sizes 50MWe followed by expansions to suit resource
- § HRL has 11 granted projects and building resources
- § More projects in pipeline under application



Management & Board

Proven team of resource project developers



Dr Mark Elliott **Executive Chairman**
Economic geologist with 35 years experience in exploration, project development and mining covering minerals and energy. Experience in corporate management and resource industry.



Mr Peter Barnett **Managing Director**
Former geothermal manager of Sinclair Knight Merz. 35 years experience working in geothermal exploration, development and production operations of 40% of world's geothermal generation capacity across 24 countries.



Mr Luis Urzua **Geothermal Resource Mgr**
Geologist and Civil Engineer with 13 years experience in the geothermal industry.

Developed 20 wells and over 380MW of geothermal generation capacity.



Mr Mike Sandy **Non-exec Director**
Petroleum geologist & director with over 32 years experience in building companies and energy production.



Mr Paul Marshall **Co. Sec & CFO**
Qualified accountant.
15 years experience in listed resource companies.



Mr Stephen Bizzell **Non-exec Director**
20 years experience in corporate finance, the energy industry and capital markets. Previously executive director of Arrow Energy and Chairman of a boutique investment banking firm and funds management group.

Capital raising overview

Rights issue

- § 1 for 2 non-renounceable rights issues at \$0.015 per share
- § Raising \$1.74 million
- § Not underwritten
- § Rights issue price of \$0.015 per share represents a discount of:
 - 51% to the 30 day trading VWAP (\$0.031)
 - 32% to the last close (\$0.022)
 - 24% to the TERP (\$0.020)

Placement (if required)

- § Up to 30 million new shares – 13% of current issued capital
- § Issue price of \$0.015 per share
- § Raising up to \$0.45 million
- § Will be utilised if insufficient shortfall from rights issue to meet firm commitment agreements entered into by HRL and investors for placement of shortfall



Uses and source of funds

Sources of Funds	\$m	Uses of Funds	\$m
Opening cash (as at 9 Aug)	0.10	Exploration in Chile ⁽¹⁾	0.54
Proceeds from the (non underwritten) rights issue	1.74	Exploration in Peru ⁽¹⁾	0.70
		Corporate and working capital	0.50
		Cost of issue	0.10
Total	\$1.84m⁽³⁾	Total	\$1.84m⁽⁴⁾

- Notes:
1. Exploration includes, community and landowner consultation, geological mapping, geochemical sampling and magneto-telluric (MT) surveys.
 2. The company has entered into firm commitment agreements with respect to the placement of the shortfall shares in the rights issue. The company reserves the right to place up to 30m shares to meet firm commitments from investors in the event of an insufficient shortfall. Any additional funds from the placement will go to working capital.
 3. Excludes \$0.8m from EDC's participation fees for Peru JV's
 4. If the full amount under the issue is not raised, the company will apply funds raised in a manner which will maximise value from exploration activities and alternative strategies will be evaluated including, operational efficiencies, joint venture or sale of projects and mergers.



Timetable

Rights issue

Event	Date
Ex-date	Tuesday 14 August 2012
Record date	Monday 20 August 2012, 7pm
Offer opens	Thursday 23 August 2012
Offer closes	Friday 7 September 2012
Shares commence quotation on a deferred settlement basis	Monday 10 September 2012
Allotment under Offer and any shortfall	Monday 17 September 2012
Trading of new shares	Tuesday 18 September 2012

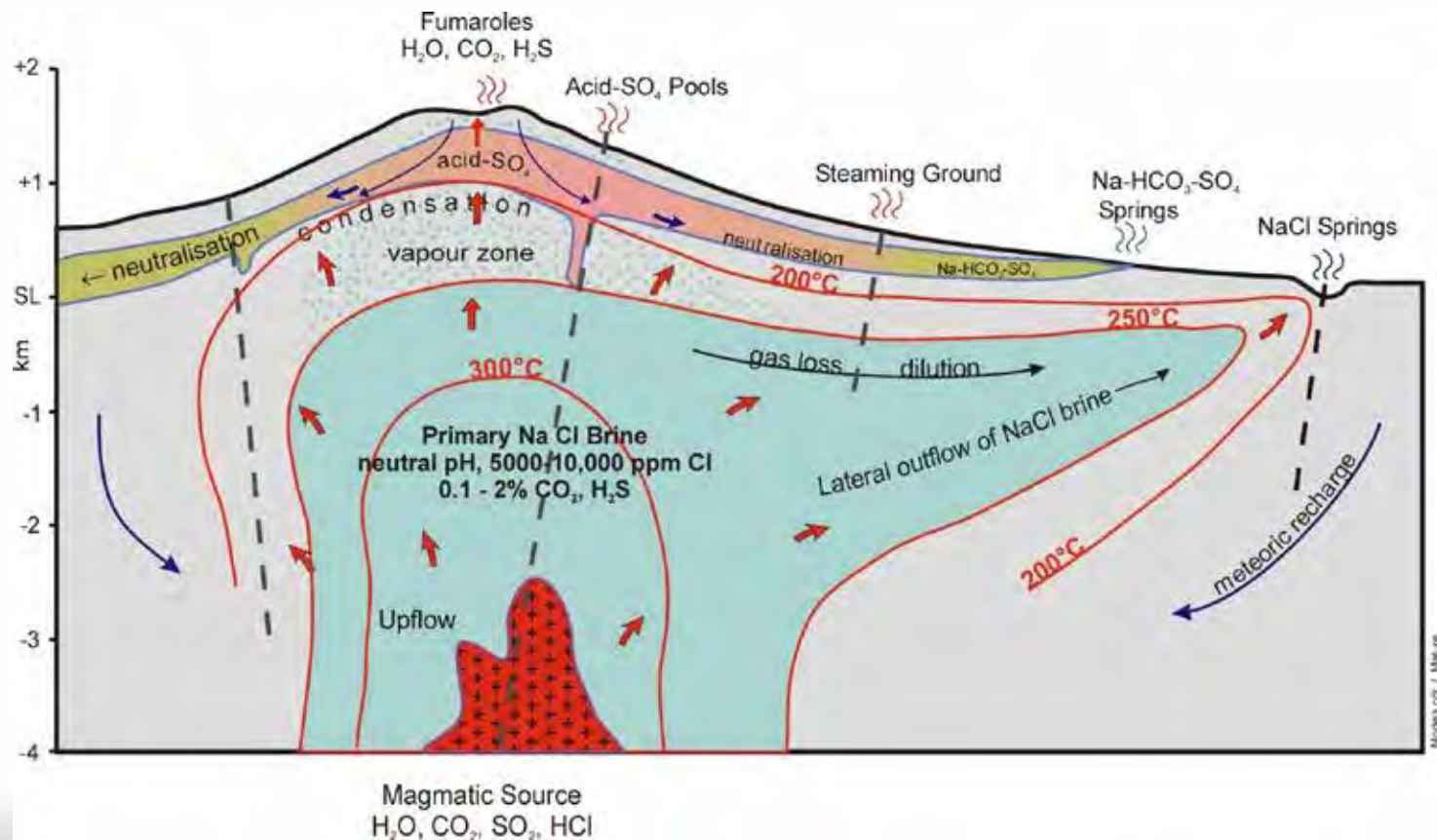
Note: Dates are indicative and are subject to change

Why invest in HRL?

- § **HRL is commercially focussed – projects in two of the fastest growing markets with direct access to volcanic geothermal systems – Chile and Peru**
- § **Outstanding growth potential targeting projects with 3,000MWe generation potential**
- § **Finalising JV on 2 projects with EDC to provide funding of up to US\$100 million**
- § **Opportunity for new JV's with EDC and others**
- § **Technical and commercial team with impressive track record in geothermal and project development**

Typical volcanic geothermal model

- § conform to predictable models
- § exploration and development now relatively easily understood



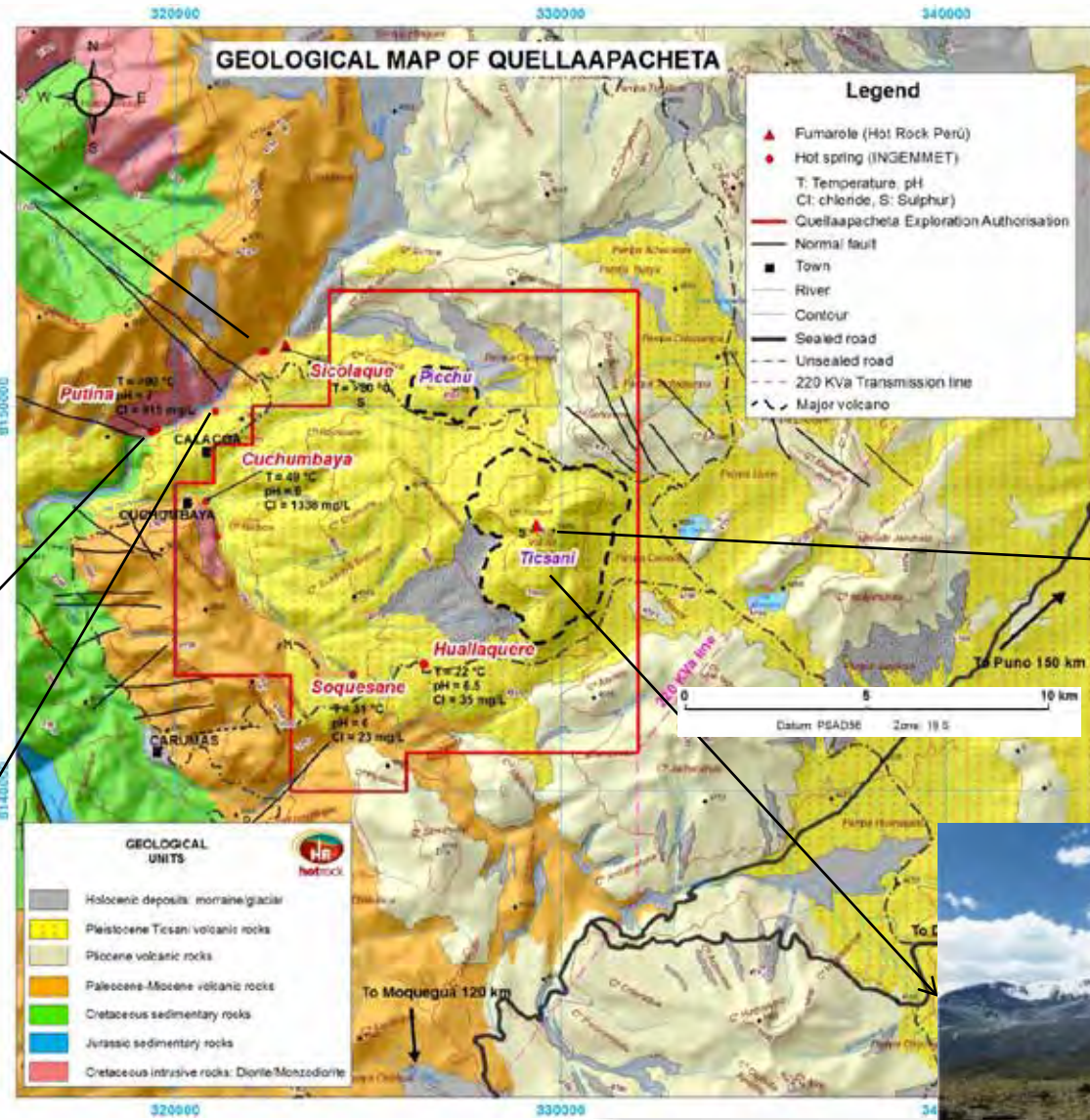
Mature liquid-dominated andesitic stratovolcano geothermal system with exploitable outflow (Source of Graphic: SKM)

**Surface hot springs indicate
geothermal reservoirs at depth**

Quellaapacheta JV Project
High flow vents

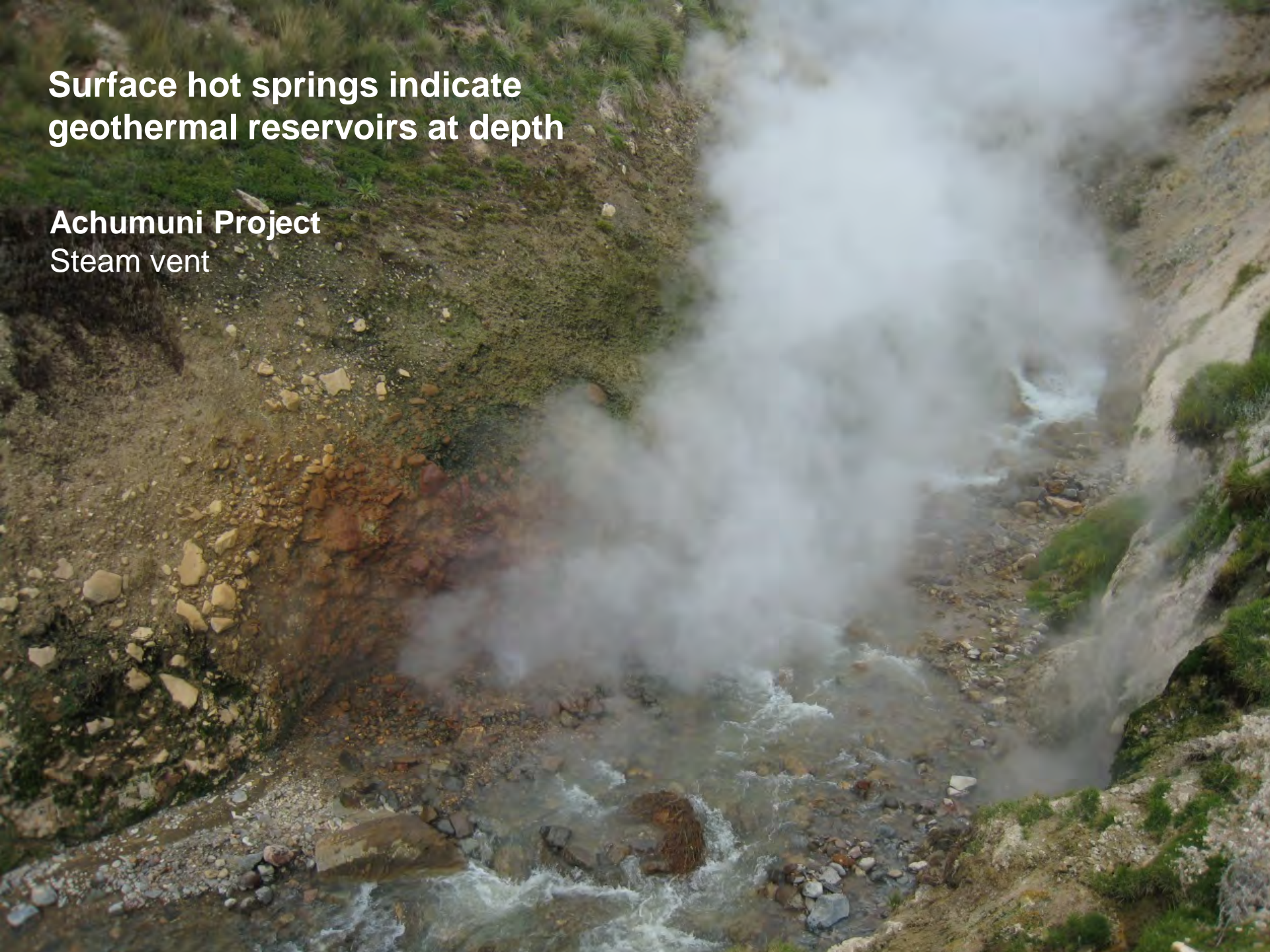


QUELLAAPACHETA: Granted: pending JV-EDC 70%/HRL 30%

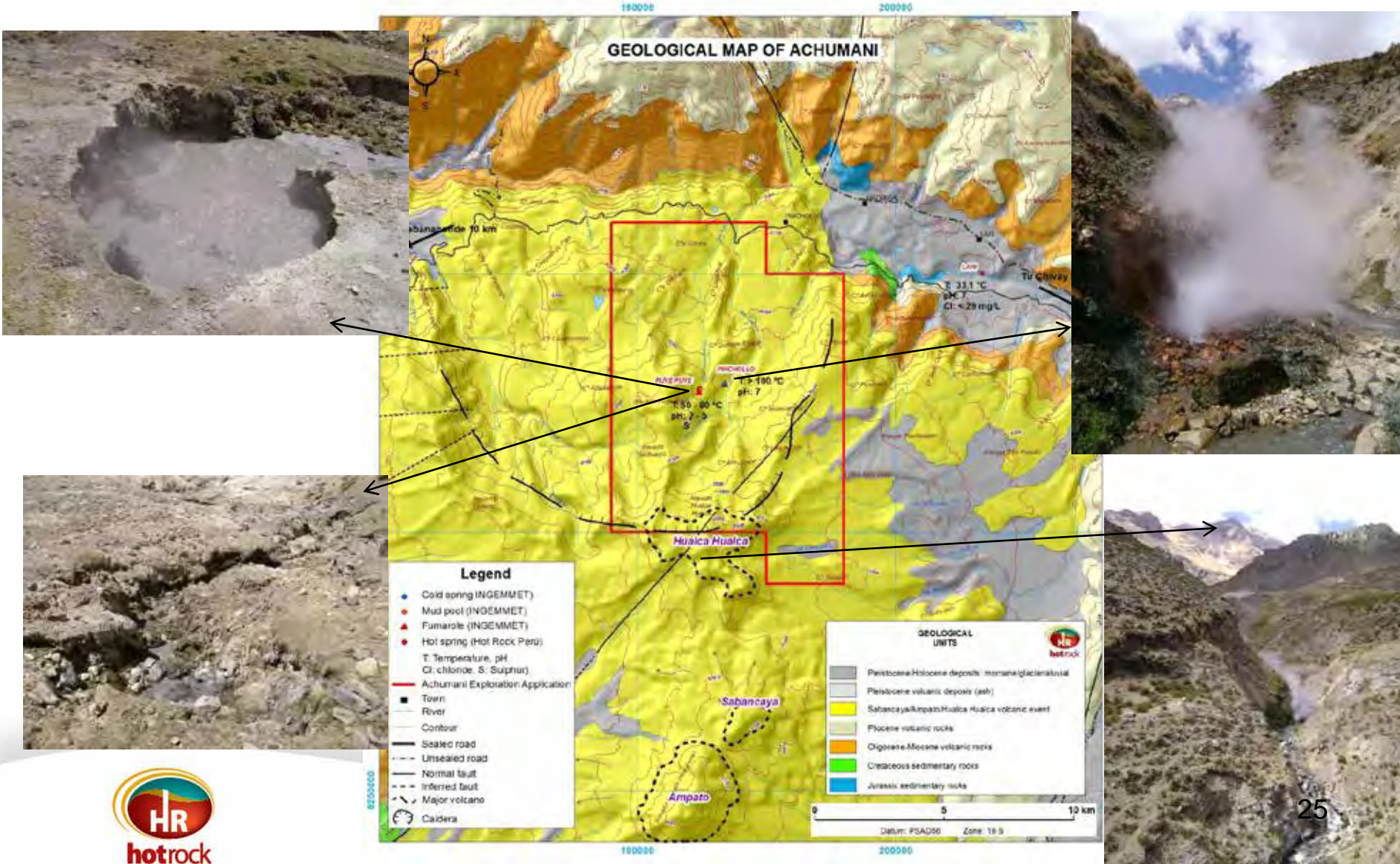


**Surface hot springs indicate
geothermal reservoirs at depth**

Achumuni Project
Steam vent



ACHUMANI – Application 100% HRL

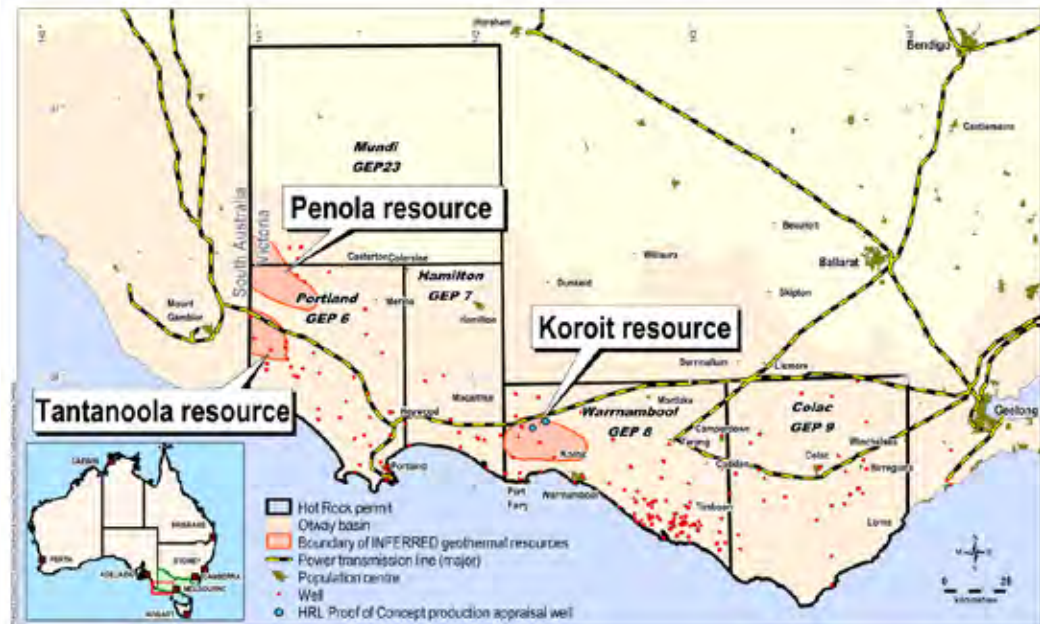


Australia - HRL holds large HSA resources

- § Large geothermal resources assessed at 180,000PJ.
- § Or 1,300MWe to supply 1.3m households.
- § Ready to drill 2 exploration wells at Koroit HSA resource.
- § Will apply for Australian government ARENA grant

HRL HSA geothermal resource assessments

Name	Area km ²	Volume km ³	Indicated PJ	Inferred PJ	Total PJ
Koroit	450	387	7,600	59000	66,300
Penola	440	490	6,700	84,000	90,700
Tantanoola	180	130		22,000	22,000
Total	1,070	1,010	14,300	165,00	180,000



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For Further Information Contact:

Mark Elliott
Executive Chairman

Ph: +61 7 3212 6200

Email: admin@hotrockltd.com



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